



## Enhancing the U.S. Potato Industry Through Proactive Trade Policies

### **ACTION REQUESTED**

- ✓ Please sign the Senator King/Risch or Rep. Schrader/Simpson letter to USDA on full market access to Mexico for fresh potatoes.
- ✓ The U.S. should push China to successfully implement the market access agreement for U.S. chipping potatoes as specified in the Phase 1 agreement announced in March 2020.
- ✓ The U.S. should conclude a table stock market access agreement with Japan.
- ✓ The U.S. should restore tariff benefits for potatoes lost under the TPP withdrawal.
- ✓ Urge CFIA to complete disease testing data on PEI and for USDA to review rapidly in order

Potatoes are one of the most successful U.S.-produced commodities in terms of overall levels of exports and rate of export growth. These gains are the product of careful bilateral and regional negotiations and enforcement actions conducted over many decades.

U.S. potato exports total \$1.77 billion worldwide and generate substantial additional benefits for the economy. Currently, Japan is the largest export market at 19%, with Canada second at 18% and Mexico third at 14%.

### **Fresh Potato Access to Mexico**

After years of disputes with the U.S. government over potato market access, in 2014 Mexico grudgingly agreed to open their market to fresh potatoes from the United States. Upon taking that action, Mexico's potato cartel (CONPAPA) sued their own government to prevent U.S. potato imports. In April 2021 those lawsuits were decided unanimously in the U.S. favor by the Mexican Supreme Court.

Nearly one year later, the Mexican authorities are continuing to delay providing access to their market via their regulatory process. They are using a domestic registration process, with the ability to reject or delay any applicant for any reason, as a mechanism to prevent competition in retail and for food service customers (table stock potatoes). Further, Mexico is rewriting the work plan to demand additional inspections for table stock potatoes that will push access into Fall of 2022 at the earliest.

To ensure that the Mexican authorities adhere to its international commitments and to agreed-upon standards in allowing U.S. potato imports, the U.S. government must continue to utilize all necessary political and diplomatic pressure to ensure Mexico upholds its promise to open its market. Until the U.S. potato industry has full access for fresh potatoes, the U.S. should not provide any benefits on

Mexico's pending fruit and vegetable access requests, including the recently agreed to enhanced Mexican avocado access.

A Senate and House letter to Secretary Vilsack is currently being circulated in support of this access. Please sign the Senator King/Senator Risch letter in the Senate or the Representative Schrader/Representative Simpson letter in the House.

### **China**

The U.S. should push China to implement its commitments for U.S. chipping potato market access made in the Phase 1 agreement announced in March 2020.

For over two decades, the U.S. potato industry sought access to China for fresh potatoes, in addition to reasonable access for processed products. In early February 2019, 14 Senators and 25 House Members wrote to President Trump urging him to include potato market access to China in any resolution of the current trade war. In response, under the Phase 1 agreement China committed to opening their market to U.S. chipping potatoes. Approaching two years later, no commercial shipments have occurred. The reason is lack of approval of facilities in China to receive the potatoes.

The U.S. must ensure that China's commitment to open its market, made to the U.S. in 2020, is successfully implemented and U.S. commercial shipments begin in earnest. Moreover, those shipments must also be unencumbered by unreasonable Chinese provisions.

### **Japan**

Although the U.S. has market access to Japan for chipping potatoes (and that market has grown considerably) the U.S. is seeking market access for all fresh potatoes, including table stock potatoes. Japan has been reluctant to expand access. The U.S. should push Japan to finalize an agreement that opens the Japanese market for all U.S. fresh potato exports, including table stock potatoes. Once opened, Japan will become a massive market for U.S. fresh potato exports.

### **Restoration of Tariff Benefits Lost Under TPP Withdrawal**

In early 2020, the U.S. and Japan announced the completion of a new trade agreement. The U.S.-Japan FTA restored tariff benefits lost after the U.S. withdrawal from the Trans-Pacific Partnership Agreement. While this news was welcomed in the most important TPP market, the U.S. is losing market share in Vietnam to its competitors due to higher tariffs. Vietnam is an important and dynamic market. Interest in additional markets joining TPP, such as Taiwan, Thailand, the Philippines, and even the UK, demonstrate the importance of rejoining the group.

### **PEI Potato Wart Disease Issues**

The province of Prince Edward Island (PEI), Canada has been dealing with a virulent disease called potato wart for over 20 years. This disease is not present in the U.S., but if it were allowed to become established in production areas, it would cause immediate impact to U.S. growers of over \$300 million in damage and billions of dollars more in indirect harm to the communities the U.S. potato industry supports.

PEI has had detections in production areas in eight of the last 10 years, including the disease becoming present in their seed growing operations in October of 2020. The Canadian Food Inspection Agency (CFIA) and USDA jointly agreed to suspend exports to the U.S. of all PEI potatoes after the most recent detections in November of 2021. CFIA has also suspended seed shipments from PEI to all other Canadian provinces and stopped issuing export certificates for seed to other countries at that same time.

The PEI leadership has claimed that this is a trade issue and rejected all disease concerns of the United States. Fortunately, CFIA disagrees with this stance and has agreed to undertake 35,000 soil samples on PEI to determine which fields are clean and should be allowed to resume exports. NPC strongly supports CFIA's soil testing commitment and urges USDA to rapidly review the results of that data to begin the process of resuming trade.